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FISCAL IMPACT REPORT

SPONSOR Miera DATE TYPED 2/02/05 HB 244

SHORT TITLE Education-Related Testing Services Contracts SB _____

ANALYST Wilson

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			See Narrative		

SOURCES OF INFORMATION

LFC Files

Responses Received From

General Services Department (GSD)
 Public Education Department (PED)
 Attorney General's Office (AGO)

SUMMARY

Synopsis of Bill

House Bill 244 amends Section 13-1-150 NMSA 1978 to provide an exemption to the four-year limitation on professional services contracts for services relating to the development and implementation of student tests in Grades K-12 and teacher tests required for professional licensure. Specifically, the legislation enables the PED to enter into such contracts for up to 12 years.

Significant Issues

The legislation would enable the PED to engage in longer-term contracts for the development and implementation of student and teacher assessments. This is a significant change, which would permit the PED to guarantee consistency in state-mandated assessments for up to 12 years, rather than the current four years.

The legislation has significant implications for the PED's performance measures in the area of the student accountability system. The ability to maintain long-term consistency in the state-mandated student assessments will facilitate timeliness in the development, administration, scor-

ing and reporting of student test results. Longer-term contracts for student tests also will help to ensure consistency in the determination of school ratings in terms of Adequate Yearly Progress (AYP). AYP targets (annual measurable objectives or AMOs) can be established with certainty for a longer timeframe if it is known that the test is highly unlikely to be changed. This, in turn, would enable districts and schools to engage in more effective planning for school improvement to reach and exceed the established targets for student academic performance.

The legislation also has implications for the PED's performance measures in the area of teacher quality. Specifically, the ability to engage in long-term contracts for the development and implementation of teacher tests will enable the PED to maintain consistency in the measures used to establish teacher quality.

FISCAL IMPLICATIONS

GSD states the length of the contract may lead to higher prices due to the lack of competition in the later of the 12 years. To maintain the quality of services over that long a period would require rigorous contract management and performance criteria with periodic reviews.

ADMINISTRATIVE IMPLICATIONS

The legislation will enable the PED to engage in contracts for student assessments and teacher tests lasting up to 12 years. This will reduce the burden on PED staff to write and issue requests for proposals (RFPs) and to write and process contracts for the delivery of such services. In addition, longer-term contracts should result in a reduced administrative burden in the area of contract management.

The legislation also enables the PED to maintain greater consistency in the policies and procedures related to student assessment, accountability, professional licensure and teacher quality. Longer-term contracts will reduce the need for PED staff to revise existing policies and procedures to accommodate changes in the assessment program necessitated by the existing restrictions on the term of the testing contracts. These changes, in turn, will facilitate the PED's continued compliance with federal and state statutory obligations.

In the event that a vendor is not providing satisfactory performance, the longer term of the contract may make it more difficult to terminate the contract. Although termination clauses are typically included in any such contracts, the termination of the contract is often a lengthy administrative process and is usually subject to legal challenges.

DW/sb